



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR




MARK J. SALADINO
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 625-2249

May 10, 2010

TO: Barbara Nack, Legislative Deputy, First Supervisorial District
Dorinne Jordan, Senior Deputy, Second Supervisorial District
Genie Chough, Budget Deputy, Third Supervisorial District
Rick Velasquez, Assistant Chief of Staff, Fourth Supervisorial District
Lori Glasgow, Assistant Chief Deputy, Fifth Supervisorial District

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: **2010-11 TAX AND REVENUE ANTICIPATION NOTES**

Attached is a copy of a Board Letter from my office requesting the adoption of a resolution authorizing the issuance and sale of 2010-11 Tax and Revenue Anticipation Notes (TRANS) in an aggregate principal amount of not to exceed \$1,500,000,000. The Board Letter, resolution and supporting documents will be presented to the Board of Supervisors on May 18, 2010.

Since 1977, the County has issued TRANS on an annual basis to more effectively manage our cash resources by reducing the need for internal borrowing and to enhance the earnings of the County Treasury Pool. The proceeds from the issuance of TRANS are used to finance interim cash-flow deficits at certain times during the fiscal year that are caused by an uneven pattern of revenue receipts, such as property taxes.

The 2010-11 TRANS are currently scheduled to price during the week of June 7, 2010, with the closing and receipt of note proceeds scheduled for July 1, 2010. At this time, we are planning to issue the total principal amount authorized by the May 18th resolution.

If you have any questions regarding this matter, please contact Glenn Byers of my office at 974-7175.

MJS:GB:SM
pb/pf/2010-11TRANS

Attachment

c: Sachi A. Hamai, Executive Officer
Ellen Sandt, Deputy CEO



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MARK J. SALADINO
TREASURER AND TAX COLLECTOR

May 18, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ISSUANCE AND SALE OF
2010-11 TAX AND REVENUE ANTICIPATION NOTES
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The Treasurer and Tax Collector is requesting authorization from your Board to issue Tax and Revenue Anticipation Notes (TRANS) to meet the Fiscal Year 2010-11 cash flow needs of the County General Fund. This short-term borrowing program enables the County to effectively manage its expenditure requirements and greatly reduces the need for internal borrowing. With respect to the 2010-11 TRANS, we are requesting authorization for a maximum issuance of not to exceed \$1,500,000,000. As in prior years, the final size of the issuance may be adjusted to meet the anticipated cash flow needs of the County and to ensure compliance with federal regulations for tax-exempt financings. The size of the TRANS borrowing is currently expected to be \$1,500,000,000.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of the 2010-11 Tax and Revenue Anticipation Notes in an aggregate principal amount of not to exceed \$1,500,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2010-11 TRANS and the execution and delivery of all related financing documents. Since 1977, the County has annually issued tax-exempt TRANS in connection with its cash management program for the upcoming fiscal year. This short-term borrowing program is necessary given that the County receives certain revenues, such as property taxes, on an uneven basis throughout the fiscal year. The proceeds

generated from the issuance of TRANs are maintained in a separate fund by the Auditor-Controller and transferred on a periodic basis to meet the expenditure needs of the County General Fund. This process serves to both reduce the County's need for internal borrowing and enhance the earnings of the County Treasury Pool.

In consideration of the 2010-11 Proposed County Budget, the ongoing State of California fiscal crisis and related cash flow assumptions for the upcoming fiscal year, we expect the size of the 2010-11 TRANs will be \$1,500,000,000.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness by providing sufficient financial resources to help meet the Fiscal Year 2010-11 cash flow requirements of the County General Fund.

FISCAL IMPACT/FINANCING

The borrowing cost of the 2010-11 TRANs is dependent on market conditions at the time of the sale. The Resolution provides that the price and interest rate on the TRANs shall not result in a true interest cost that exceeds five percent (5%). However, the actual cost of borrowing is expected to be significantly lower, and if we are successful in securing the highest short-term ratings, it may result in a true interest cost below one percent (1%).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Given our current view of the tax-exempt note market, we expect the 2010-11 TRANs to be sold as twelve-month fixed-rate notes. If this assessment changes, the Resolution provides the flexibility to issue the 2010-11 TRANs using an alternative structure, such as variable rate notes. The final structure of the TRANs will be determined at the time of pricing, which is currently scheduled for early June. Proceeds from the sale of the 2010-11 TRANs will be available to the County on July 1, 2010.

Consistent with the County's practice in recent years, the Treasurer and Tax Collector is recommending a negotiated sale of the 2010-11 TRANs. Based on the results of a competitive bid process, the Treasurer and Tax Collector selected Citigroup Global Markets Inc. to be the senior managing underwriter and J.P. Morgan Securities Inc. to serve as co-senior manager. Additional underwriting firms will be selected to participate in the sale of the TRANs once the final offering size has been determined. Squire, Sanders and Dempsey LLP will serve as bond counsel for this transaction.

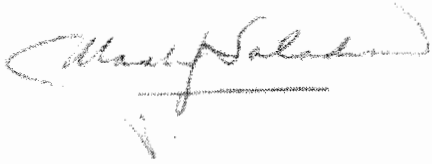
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The 2010-11 TRANs are issued as part of a cash management program, which has no direct impact on current services.

CONCLUSION

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Mark J. Saladino", written over a horizontal line.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB:JP:SM
Pb/brdltr/2010-
2011TRANS

Enclosures

- c: Chief Executive Officer
- Executive Officer, Board of Supervisors
- County Counsel
- Auditor-Controller
- Squire, Sanders and Dempsey LLP